



## E-Newsletter April 2017

### India's GDP to grow at 7.5% in 2017-18: Finance Minister.

According to Finance Minister Mr. Arun Jaitley India has significantly stepped up investment in electricity, roads, financial access, and housing for the poor and the Government has taken number of steps to ensure inclusive growth. It is using technological innovations in a big way for better targeting of government services. He added, Indian economy will grow at a clip of 7.5 per cent this fiscal, up from 7.1 per cent in the previous year, and remains resilient with low inflation, fiscal prudence and low deficit. These and many more multi-faceted reforms are expected to ensure India can withstand volatility of the global economy as well as ensure an upward growth trajectory. GST will eliminate the multiplicity of taxes and make India

## Consulate General of India, Munich

a single common market. As per IMF projections, India's medium-term growth is poised to go above 8 per cent.

### India records impressive growth in recent years: IMF

According to International Monetary Fund, India's growth has been "impressive" in the recent years. Elimination of fuel subsidies and the targeting of social benefits has delivered in terms of allowing the union budget target to be achieved at 3.5 per cent of GDP. The rollout of Goods and Services tax (GST) was an extremely important step that will create a true unified national market in India. Globalization and technological change have been major drivers of economic growth and cross country convergence. More than one billion people have been lifted out of extreme

poverty since the early 1980s, and most of them come from China and India. Fiscal policies, government expenditures and revenues are powerful means to ensure the sharing of the growth dividend.

### **85% Indian companies optimistic on economic recovery: Survey**

Corporate India is among the fourth most optimistic globally as 85% of the businesses are hopeful of economic recovery, compared to 48% in China, a survey has said. The Grant Thornton International Business Report says that in the first quarter of 2017, 85 per cent respondents were optimistic about economic recovery. India is ranked fourth on the global optimism index during the January-March quarter of 2017, and is behind economies like Indonesia, Philippines and Malta. Moreover, Indian businesses are optimistic about most facets like employment with 56% respondents expecting a rise and profitability expectations where 55 per cent are optimistic of an increase. However, the country is significantly ahead of China where 48% respondents are optimistic about economic growth

### **Daimler looks to more than double bus sales in India this year.**

Daimler India Commercial Vehicles (DICV) expects sales of its buses in the country to grow more than double this year to over 1,000 units riding on new product introductions. The company, which is a wholly-owned subsidiary of Germany's Daimler AG, sells front-engine buses and coaches in the volume segment under the Bharat Benz range, while it is present in the

premium segment with Mercedes-Benz rear-engine coaches. Its bus business is operated under Daimler Buses India, catering to the domestic market. The company today expanded its Bharat Benz portfolio with launch of all-new 16-tonne intercity coach to add to the existing 9-tonne school, staff and tourist buses. The all-new Bharat Benz intercity coach has been designed to take inter-city travel to the next level, a safer and more comfortable experience for passengers and drivers, and more value for operators at the same time. DICV has invested Rs 425 crore to produce buses from its Oragadam plant near Chennai with an initial capacity of 1,500 units per annum, scalable up to 4,000 units a year.

### **Decreased labor productivity seen in Asia; India an exception.**

Most Asian markets have seen a slump in labor productivity with the exception of India, Indonesia and Philippines where it has gone up in the last eight years, says a report. According to a report from Workforce Analytics Institute (WAI), a partnership between The Conference Board and Mercer, Singapore and South Korea showed largest drops in productivity per person with 3.12 per cent and 2.34 per cent respectively. India, on the other hand, had the highest gain at 2.71 per cent, followed by Indonesia at 0.68 per cent. The total rewards proposition goes beyond traditional compensation and benefits to include training, career advancement, flexible work options and innovation in benefits.

### **Mercedes Benz reports record sales for January-March quarter in India.**

German luxury car maker Mercedes Benz reported its highest ever quarterly sales in India at 3,650 units. The sales growth in January-March 2017 has been driven by the E-Class sedan and SUV portfolio led by GLC. In comparison to the first quarter last year Mercedes Benz India had sold 3,622 units. The company's sales stood at 13,231 units in 2016, down 1.8 per cent from 2015. The car maker expects the sales to grow in double digits in second half of the year. So far, Mercedes Benz has launched four different new products, including the hot selling long wheel base E-Class.

### **India among top 3 investment destinations over medium term: Chairman, PwC Global.**

Robert E Moritz, chairman, PwC Global views India as one of the top three investment destinations (the country's FDI inflows have hit an eight-year high of \$46.4 billion in 2016). India's ability to leverage technology including on the policy front such as GST will give it the competitive edge. He says that the administration in India is trying to usher more certainty, more definitiveness around rules and regulations and enhance the ease of doing business — part of which is raising awareness and profile, which the PM is doing at a global level. On GST, there is a lot of positivity. The issue now is implementing it efficiently and effectively by leveraging technology. Technology can transform not just companies but also the

country, and here India has a competitive edge.

### **India rises two spots to become the 4th largest aviation market.**

India's record breaking aviation growth continues unabated. According to the International Air Transport Association (IATA), the country saw the fourth highest number of passengers taking off in 2016, up two places from the previous year overtaking UK and Brazil. The top three markets - US, China and Japan remained unchanged but there was a shakeup below with India a part of this upheaval. At this rate, India will soon be at the third spot in terms of number of passengers taking-off, overtaking Japan. In total passenger terms, India saw 15.2 crore passengers flying in 2016, with 9.9 crore flying within the country and 5.3 internationally. India had become the third largest domestic air travel market globally with more people flying here within the country last year than Japan, pushing the "land of the rising sun" to number four spot. India's 9.9 crore domestic flyers in 2016 were more than the 9.7 crore in Japan.

### **IKEA to double sourcing from India to 600m euros in 3 years.**

Flat-pack furniture giant IKEA plans to double sourcing from India to 600 million euros by 2020 even as it's set to start work on its second store in the country in Navi Mumbai next month. The Swedish company is also eyeing a distribution center in Pune. Maharashtra will be one of the key markets for the company and it has plans to open five to six stores across the state. IKEA's first store will come up

in Hyderabad early next year, and it is in the process of identifying sites in Delhi-NCR, Bengaluru, Tamil Nadu and Gujarat. IKEA, which was the first single-brand retailer to get FDI approval, will begin work on its Navi Mumbai store with an investment of about Rs700 crore. IKEA plans to open 25 stores in India by 2025.

### **Indian companies in UK reach annual growth rate of 31%.**

Nearly 800 Indian companies based in the UK have a combined revenue of £47.5 billion, are the second-largest employers. 55 of the fastest growing companies achieved an average annual growth rate of 31. The latest Trends on Indian Investment in the UK' by London-based consultants Grant Thornton and CII revealed the scale of contribution of Indian companies to the British economy. Companies from the technology and telecoms, and pharmaceuticals and chemicals sectors make up 31% and 24% of the list respectively. These are sectors where businesses are continuing to find growth opportunities by diversifying into new spheres of activity. London continues to strengthen its dominance

as the leading destination for Indian investment in the UK. The UK has long been the preferred European destination for FDI from India. Out of the 845 FDI projects made by Indian companies in 16 European countries since 2003, over 45% have been in the UK.

### **India to see \$35-40 billion worth impact investments by 2025.**

India is projected to see impact investments worth up to \$40 billion by 2025 as the country is in a "sweet spot" with high potential to deliver solutions for various problems. According to Global Impact Investing Network (GIIN), In India, about \$4 billion has been invested as part of impact investments in about five years. On an average annual basis, it is around \$1 billion. India can be a global innovation hub for models that can address issues at the base of the pyramid and has potential to deliver solutions. Globally, total assets under management by impact investors is estimated to be about \$70 billion. The financial returns on impact investments is estimated to be around 10 per cent annually.